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RUEHMIL/AMCONSUL MILAN PRIORITY 8498
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RUEHBS/USEU BRUSSELS PRIORITY 4496

C O N F I D E N T I A L ROME 000593

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STATE FOR EB A/S DAN SULLIVAN; EUR/WE KATHLEEN ALLEGRONE,
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E.O. 12958: DECL: 03/23/2017

TAGS: [ECON](#) [EFIN](#) [PREL](#) [IR](#) [IT](#)

SUBJECT: IRAN: BOI INSPECTOR TO MONITOR BANK SEPAH ROME
"INDEFINITELY"

REF: A. ROME 409

[1](#)B. ROME 95

Classified By: Economic Minister Counselor Tom Delare for
reasons 1.4 (b) and (d).

[1](#)1. (C/NF) Summary: The Bank of Italy (BOI) recently issued Iranian Bank Sepah's Rome branch an order to cease all business with any entity listed in the Annex to UNSCR 1737. Additionally, after Econoffs visited with BOI officials, BOI sent an inspector to monitor the branch's activities "indefinitely." BOI's Chief of Banking Supervision claimed that BOI has done everything it can to enforce Bank Sepah compliance with Italian banking law to date; but stated that BOI did not have the authority to close the branch down. However, BOI would act quickly against Sepah, if the UN were to sanction the bank. We will continue to seek regular updates of Bank Sepah Rome's activities from our BOI contacts to send the signal that Iran must comply with international law or, ideally, close down Sepah's Rome branch altogether. End summary.

[1](#)2. (C/NF) EcMin met March 20 with Anna Maria Tarantola, just appointed as BOI Chief of Banking Supervision. Tarantola stated that, since our last meeting with BOI officials March 1 (ref A), BOI ordered Iranian Bank Sepah's Rome branch to cease business activities with entities listed in the Annex to UNSCR 1737. Tarantola emphasized that the BOI continues to pay close attention to Bank Sepah's activities and claimed she personally deals with the issue daily.

[1](#)3. (C/NF) When EcMin pressed for the date of BOI's next inspection of Bank Sepah, Tarantola explained that BOI had closed its previous investigation of Bank Sepah Rome (ref B) and did not know when BOI might conduct another inspection. EcMin emphasized the high level of USG concern about Bank Sepah's Rome branch -- arguing that it operated more like a mafia-controlled institution than a proper bank -- and stated that frequent BOI inspections of Bank Sepah Rome would signal to the Iranians the need to do the right thing. (Note: BOI Director General Fabrizio Saccomanni called EcMin March 22 to report that, since our visit with Tarantola, BOI has sent an inspector to Bank Sepah's Rome branch to monitor its activities. When EcMin asked how long the inspector would

remain, Saccomanni replied, "Indefinitely." End note.)

¶4. (C/NF) Tarantola explained that, according to Italian law, the BOI could only recommend that the Ministry of Finance issue a decree to close a bank when BOI could show "extraordinary irregularities or losses." She claimed that, with regard to Bank Sepah's Rome branch, "We are doing all we can within the limits of Italian law," and added that BOI is ready to act quickly, if the UN were to list Bank Sepah as a sanctioned entity.

¶5. (C/NF) Comment: Tarantola offered us no new hope that the GOI would find the authority to close Bank Sepah's Rome branch in the near term. However, we are encouraged by the news that the BOI has placed an inspector at Bank Sepah Rome to monitor its activities. We will continue to press our BOI contacts for regular updates about Bank Sepah Rome's activities and to work to persuade the GOI to shut down the branch. End comment.
SPOGLI